

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

June 21, 2004  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson<sup>1</sup>, Degginger<sup>2</sup>, and Lee

ABSENT: None

1. Executive Session

Mayor Marshall opened the meeting at 6:01 p.m. and announced recess to Executive Session for approximately 45 minutes to discuss one item of property disposition, one item of potential litigation, and one item of pending litigation.

The meeting resumed at 7:25 p.m. with Mayor Marshall presiding. She noted the Executive Session went longer than anticipated and thanked the audience for their patience. [An additional item of pending litigation was discussed during the Executive Session.]

2. Study Session

(a) 2005-2011 Operating Budget – Early Outlook Financial Forecast

Finance Director Jan Hawn opened discussion of the financial forecast for the General Fund, Utility Funds, Development Services Fund, and Parks Enterprise Fund.

Jonathan Swift, Budget Manager, distributed additional pages regarding the Early Outlook and Memory Bank Items for Council's budget notebooks and provided the financial forecast. He explained that the early outlook forecast projects the current mix of revenues and expenditures into the future to provide a financial framework for Council's budget review and direction. Upcoming budget discussions are as follows:

- June 28 – Utilities and Capital Investment Program presentations
- July 6 – Revenues

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<sup>1</sup> Dr. Davidson departed at 7:20 p.m. following the Executive Session.

<sup>2</sup> Mr. Degginger arrived at 6:25 p.m.

- July 12 – Second Budget Workshop
- Weeks of September 27 and October 25 – Full financial forecast will be provided.

Mr. Swift said the region continues to experience slow economic recovery. Bellevue's short-term and long-term economic prospects are favorable as retail sales, office vacancy rates, and new development continue to improve. However, some resources have been adjusted downward (e.g., decrease in telephone utility tax collections).

Three areas account for 43 percent of the growth in expenditures in 2005 – health benefit costs, state pension rate increases, and workers compensation costs. Combined these represent approximately \$2.3 million in growth compared to 2004. The City has been actively engaged in implementing cost control measures for health benefit costs. Despite the increase in workers compensation costs, Bellevue's costs in this area are 40 to 50 percent lower than comparable jurisdictions. State pension rates in 2005 are increasing by approximately 62 percent compared to 2004.

Mr. Swift said expenditures are expected to be \$1.5 million higher than revenues for the forecast period, primarily due to increased expenditures projected for 2005. He reviewed the following watch areas within the General Fund: health benefits costs, ongoing impact of new development, decreasing telephone utility tax collections, labor negotiations, impacts of initiatives, and municipal court costs.

Turning to utility funds, the base forecast reflects increased wastewater utility wholesale costs, cost savings through Cascade Water Alliance, and additional issues to be discussed with Council on June 28. For the Parks Enterprise Fund, staff expects to reduce the General Fund subsidy to \$100,000 per year. Increased development activity is anticipated in the early years of the forecast, and development services reserves are functioning as planned.

Mr. Swift said the next steps for staff are to refine resource and expenditure estimates, analyze service levels and identify efficiencies, and return to Council with a balanced budget.

Responding to Deputy Mayor Noble, Mr. Swift said approval of Initiative 864 could result in a budget impact of \$6.5 million.

(b) New Solid Waste Contract Implementation

City Manager Steve Sarkozy opened discussion regarding implementation of the City's new solid waste contract.

Damon Diessner, Utilities Assistant Director, said the new contract provides many new services for residents including weekly yard waste pickup and food waste recycling while saving the average ratepayer approximately \$1.47 per month. The City will save \$23.5 million over the life of the contract.

Nels Johnson, Rabanco, commended City staff and Rabanco employees for their hard work to negotiate the new contract. He thanked Wes Smith, General Manager with Rabanco, for overall

coordination of contact implementation. Mr. Johnson said Rabanco looks forward to providing enhanced services for residents.

Responding to Deputy Mayor Noble, Mr. Johnson said Rabanco has distributed outreach materials to customers to introduce and explain the new services. Information is provided on a web site as well.

In further response to Mr. Noble, Mr. Johnson said Rabanco's current litigation with King County could result in impacts for Bellevue including increased truck traffic and long lines at the Factoria transfer station and staff overtime. If Rabanco is successful in the litigation, it will utilize its own landfill for disposal at a substantially reduced rate compared to King County's rates. Bellevue ratepayers would benefit from this potential cost savings.

Mayor Marshall thanked Rabanco staff for their efforts to improve services and reduce costs.

(c) Deferred Compensation Plan – Recommendation on Plan Administrator

Deputy City Manager Ed Oberg, Chair of the 457 Plan Committee, explained that the City's 457 deferred compensation plan currently has two vendors – ICMA-RC and Nationwide. Staff recently conducted a request for proposal (RFP) process and interviewed candidate firms. Mr. Oberg said staff recommends hiring Great West as 457 Plan Administrator. If Council approves, staff will proceed with contract negotiations and return with an amendment of the 457 Plan reflecting the change in vendor.

Mayor Marshall thanked staff for their efforts to reduce administrative costs and participant fees. She noted Council consensus to proceed with contract negotiations.

(d) Limited Tax General Obligation Bonds for New City Building

Ms. Hawn noted Council's Special Meeting scheduled for June 24 to approve the sale of Limited Tax General Obligation (LTGO) bonds for the New City Building. She said the City's Aaa bond rating has been reaffirmed.

3. Discussion

- (a) Application of Franklin West LLC for a rezone amending the existing Concomitant Agreement for Kelsey Creek Center to allow health club uses of less than 5,000 square feet. (File No. 03-131400-LQ)  
*(This is an opportunity to pose questions on this quasi-judicial matter. Council action is scheduled for July 6, 2004. This site is within the East Bellevue Community Council's boundaries.)*

Carol Helland, Land Use Director, described an application for a rezone amendment to the existing Concomitant Agreement for Kelsey Creek Center to allow health club uses of less than 5,000 square feet.

Responding to Councilmember Davidson, Ms. Helland said the site is zoned as Community Business (CB), which typically allows health clubs. However, the concomitant agreement for the site currently does not allow this use.

Mayor Marshall noted the issue will be brought back to Council on July 6.

- (b) Application of Overlake Hospital Medical Center and City of Bellevue for rezone of five parcels from Office Limited Business (OLB) to Institutional District (I).  
(File No. 04-104728-LQ)  
*(Quasi-judicial matter scheduled for Council action on July 6, 2004.)*

Mr. Sarkozy opened discussion regarding an application by Overlake Hospital Medical Center and the City of Bellevue to rezone five parcels along 116<sup>th</sup> Avenue from Office Limited Business (OLB) to Institutional District (I).

Mayor Marshall noted her husband is Medical Director of the Emergency Department at Overlake Hospital Medical Center and recused herself from participation in this discussion and decision. She asked Deputy Mayor Noble to chair the discussion and left the room.

Ms. Helland described the rezone application as straightforward and explained that the parcels were included in the original master plan for the hospital approved by the City in 1999. A condition attached to the original master plan required the parcels to be rezoned prior to development. This is the first step in expansion of Overlake Hospital Medical Center.

Responding to Dr. Davidson, Ms. Helland said the entire medical center campus extends from NE 8<sup>th</sup> to NE 12<sup>th</sup> Street and between 116<sup>th</sup> Avenue and I-405. When the master plan was adopted in 1999, it included a provision that the hospital could only rezone parcels under its control although the entire site was identified as appropriate for Institutional zoning.

Deputy Mayor Noble said this matter will return to Council on July 6.

At 7:58 p.m., Deputy Mayor Noble declared recess to the Regular Session.

Myrna L. Basich  
City Clerk

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